

# **FISCAL NOTE**

## **SB 2550 – HB 2845**

March 23, 2006

**SUMMARY OF BILL:** Adds “computer software” to the definition of intangible personal property as it relates to the classification and assessment of property taxes.

### **ESTIMATED FISCAL IMPACT:**

#### **Decrease Local Govt. Revenues – Exceeds \$10,000,000**

Assumptions:

- The definition of computer software includes all types of software including, but not limited to, operational, embedded, canned, application, customized, bundled and unbundled software.
- Because computers cannot function without operational or embedded software, it is assumed that no computer would be taxable under this bill.
- Based upon a survey of 71 counties in the state, taxes paid on computer equipment represent 4% of the total tangible personal property tax paid by industrial and commercial taxpayers.
- The average tax rate for such equipment is \$3.75 per \$100 of value.
- Total tangible personal property tax receipts were \$296,856,541 in 2004. 4% of this figure is \$11,874,261.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director